

May – July
2001

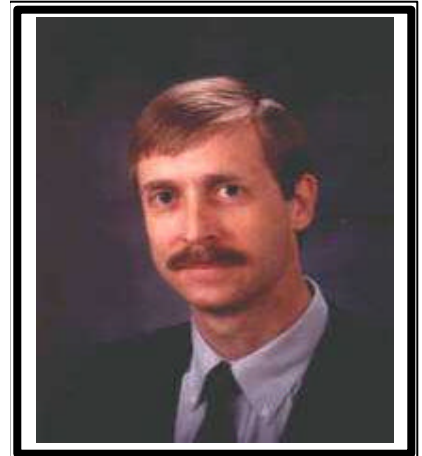


WASHINGTON STATE
GAMBLING COMMISSION

Focus n Gambling

NEW DIRECTOR NAMED

The Commissioners have named Rick Day to the position of Executive Director of the Washington State Gambling Commission. Mr. Day, who hails from Helena, Montana, brings 25 years of experience working for state regulatory and criminal justice agencies. Mr. Day is known for his outstanding leadership qualities and is recognized for his extensive management experience and consensus building. His professional experience includes serving as the Administrator for the Law Enforcement Services Division and Director for the Department of Corrections in the state of Montana.



Mr. Day believes that "gambling enforcement requires a clear ability to be firm and strong, but also the ability to recognize opportunities to provide information that will help people understand and work within the system productively."

Executive Director Day will commence his duties with the Washington State Gambling Commission on August 27th. The current Director, Ben Bishop is retiring from the agency after 21 years of service with the Commission.

In a message sent out to the staff from Commission Chair George Orr, 'Rick brings with him a proven track record of quality leadership in a governmental setting. Everyone we spoke to commented about his demonstrated ability to work with staff, as well as stakeholders.'



Commissioners:

George Orr, Chair
Curtis Ludwig, Vice Chair
Liz McLaughlin
Judge Marshall Forrest (Ret.)
Alan Parker

Ex-Officio Members:

Senator Margarita Prentice
Senator Shirley Winsley
Representative Alex Wood
Representative Jim Clements

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Administration:

Executive Director Ben Bishop
Executive Asst. Shirley Corbett

Human Resources:

Director Phyllis Halliday

Policy & Government Affairs:

Deputy Director Ed Fleisher

Program Managers:

Business Office:

Bob Sherwood

*Communications & Legal
Department and Financial
Reporting Services:*

Amy Patjens

Electronic Gambling Laboratory:
Dallas Burnett

Information Services:

Tom Means

Operations:

Deputy Director Bob Berg

Field Operations:

Assistant Director Cally Cass-Healy

Program Managers:

Eastern Region:

James Dibble

Northwest Region:

Greg Thomas

Southwest Region:

John Brinsmead

Tribal Gaming Unit:

Vacant

Licensing Operations:

Assistant Director Derry Fries

Program Managers:

Licensing Services:

Fred Wilson

Organizations/Individuals:

Artis Collins

Financial Investigations Unit:

Monty Harmon

Intelligence Unit:

Neal Nunamaker

Special Investigations:

Program Manager:

Paul Swartz

Editor:

Cindy Reed

Layout & Design:

Carol Becerra

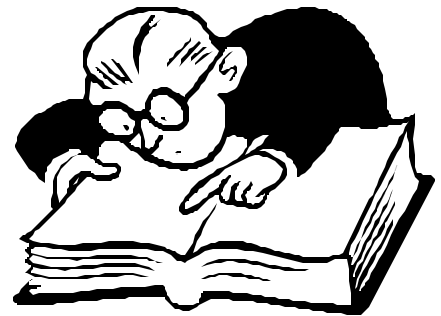


New Rules Manuals On the Way

The process for updating, printing, and mailing the rules manuals is almost completed. Licensees can anticipate receiving their new manual no later than September 15.

One exciting new addition to the manual is a **Key Word/Subject Index**. This index represents many hours of work by various staff members and should make it easier to locate rules using a specific word. It should be considered a "work in progress" as we continue to modify and improve the concept. Updated versions of the index will be made available through the agency web site under "Gambling RCW & WAC". Furthermore, it will be published periodically in the agency newsletter. Please feel free to email comments and suggestions for making the index more user friendly to Susan Arland, Rules Coordinator and Public Information Officer, at susana@wsgc.wa.gov

The last Rules Manual was published February 1999. In the past, it has been the Commission's practice to update rules manuals every two years. The only licensees who will not receive manuals will be card room employees. There are over 5,000 card room employees and it is cost prohibitive to send manuals to all licensees as well as all card room employees. Additionally, it is duplicative as card room employees have access to the manuals at their job. If you are a card room employee and would like a manual, we'll be more than happy to send you one if you contact the agency at (800) 345-2529 Ext. 3606.



On-line Training for Punchboard/Pull Tabs Available

Starting in July 2001, applicants for punchboard/pull tab licenses have been given a new option for satisfying their mandatory training requirement prior to licensing. In addition, current licensees now have a way to spot-check their understanding of new rules or interpretations of older rules without having to attend a mandatory training class.

In addition to the six instructor-led classes offered each month across the state, applicants can also now learn about the activity by logging onto the Commission web site (www.wsgc.wa.gov) and selecting the Licensee Training option. Two classes are currently offered on the site: Raffles and Punchboard/Pull Tabs. Advantages of web-based training are:

- ✓ Training is available 24 hours a day/7 days a week;
- ✓ There is no travel required;
- ✓ Agency training records are automatically updated to reflect the person has been trained;

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- ✓ Owners can offer this training to their managers and staff on premises as long as they have Internet access; and,
- ✓ Questions about the training can be sent directly to the agency for a response.

If you are taking the class as a licensing requirement, you will be asked to provide your name and your organization's ID number, which is found on your license. Once the training has been completed, the information provided will be added to our training data base. Twenty-four hours after completing on-line training, you may log back on to the site and obtain your complete training profile, including all instructor-led and on-line training you have received.

If you are a current licensee and would like to view the information on the site, you can log on as a guest and check out any specific information you are interested in.

In order to view the training material, your computer must be running Internet Explorer or Netscape 4.0 or above, and be able to provide a live connection to the Internet.

We are excited about this new training alternative and welcome any comments about the site. Please send them to cindyr@wsgc.wa.gov. Staff will begin working on training content for card rooms within the next two months and hope to have it on-line during the first quarter of 2002. We will be exploring some exciting new options for this upcoming addition to our on-line classes.

New Pull Tab Games Offered

**By Lisa Salla,
Manufacturer/Distributor
Coordinator**

Beginning March 12, 2001, seal card pull-tabs and event card pull-tabs were authorized for sale in the state of Washington. There have been some specific concerns regarding the manufacturing and operating requirements for these games. We would like to take this opportunity to clarify some of the concerns. Listed below you will find the WAC rules and the specific interpretation for each section in which there has been confusion.

1. WAC 230-30-034 (2) (b) allows the flare to include up to two seals. The second seal must be offered as an additional prize, but may not be offered as an alternative to the original seal

Prize. Therefore, if a flare contains two seals, both prizes must be awarded. The flare cannot contain two separate seals, which allow for the operator to choose which seal they are going to open.

2. WAC 230-30-034 (2)(c) requires forms to be attached to the pull-tabs for recording seal round participant information. It is acceptable for this form to be attached to the back of the seal card flare, rather than being attached to the pull-tab.

3. WAC 230-30-033 Event tickets must be accounted for as a pull-tab game and not a bingo game. The event pull-tab tickets may not be played in a "speed bingo" format or be manufactured to simulate a bingo card. All event pull-tab games must have a flare.

If there are any concerns regarding the compliance of these games, please contact Lisa Salla, Manufacturer/Distributor Coordinator at (360)495-3047.



Meet the Commission Staff

Jennifer DeSmith has been with the Gambling Commission since May 2000. She is based in the Tacoma Field Office as a field agent regulating licensees in the Southwest Region of the state.

Jennifer received her degree in History and Political Science from the University of Arizona in 1996. She worked as a Tribal Gaming Agent for the Puyallup Tribe of Indians prior to coming to the state and worked in Washington D.C. for the federal government prior to that.

In June, Jennifer graduated at the top of her class at the 720-hour Basic Law Enforcement Academy in Burien. This was quite an achievement for her, as well as reflecting well on the Gambling Commission. Graduates are ranked according to various categories; for example, firearms, academics, physical fitness, etc. This is the first time one of our agents has taken the first overall ranking.

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Mission Statement

Protect the public by ensuring that gambling is legal and honest.

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Jennifer reported that she found the class work related to criminal investigation, criminal law, and criminal procedure very applicable to her job as a field agent. Also, communication skills, use of force and firearms training greatly enhanced the skills she has acquired since working at the Gambling Commission. The class work associated with investigation and law gave her a firm foundation in state law and the Washington Administrative Code rules and a guide for any future investigations she may be involved in as a field agent.

Jennifer lists the following goals for herself now that she has returned from the Academy:

- ✓ to apply everything she learned at the academy to make her regulation of gambling rules and laws more effective and in depth; and,
- ✓ to build good working relationships with licensees in her area of regulation.



Washington State Gambling Commission 2001 Commission Meeting Schedule

September 12 & 13	Shilo Inn - 360-289-4600 707 Ocean Shores Blvd NW Ocean Shores, WA 98569-9593
October 10 & 11	West Coast Ridpath Hotel - 509-459-6100 201 W North River Drive Spokane, WA 99201
November 14 & 15	Seattle (specific hotel contract not confirmed)



Industry Working Group

Standing Left to Right:
Steve Griffith, PJ Pockets Casino;
Dr. Charles Maurer, WSCPG; Richard Caragol, Emerald Downs;
Larry Taylor, Lottery;
Bob Benson, Lottery;
Pat Steele, WSCPG/Bates Technical College;
Steve Strand, WA State Civic & Charitable Gaming

Seated: Maureen Greeley, Lottery; Lee Topash, Tulalip Casino; Delores Chiechi, Recreational Gaming Assoc.
Holding Plaque: Cindy Reed, WSGC; Garry Hanson, WSCPG

Industry Awareness of Problem Gambling a Must

**Submitted by Dolores Chiechi, Executive Director
Recreational Gaming Association (RGA)**

NOTE: Comments contained in this article reflects views of the RGA

The Washington State Council on Problem Gambling (WSCPG) and the Industry Working Group on Problem Gambling (IWGPG) helped host the 15th National Council on Problem Gambling Conference in Seattle June 21-23. The conference was a great success with over 400 attendees from all over the world (New Zealand, Canada, Europe & South Africa) including treatment providers, researchers, representatives from Problem Gambling Councils from across the nation and an increasing number of representatives from the gaming industry including state lotteries, casinos and manufacturers. One of the highlights for the Industry Working Group was receiving an award from the National Council on Problem Gambling recognizing the work that has been done to educate members of the gambling industry on problem gambling. There is no other group in the nation comprised of all segments of the gaming industry working together to address the issue of problem gambling. The IWGPG has developed voluntary policies for the gaming industry and produced an award-winning problem gambling awareness video.

The WSCPG formed the IWGPG in early 1999 to develop ideas and solutions to address problem gambling in Washington. The group represents all sectors of the gaming industry in Washington: mini-casinos, tribal, lottery,

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charities, horse racing, and the gambling commission. In addition to the IWGPG award, Deaconess Medical Center in Spokane was also recognized at the National Conference for its success in gathering community collaboration in providing treatment services to problem gamblers and their families. Current funding partners for the Deaconess program include Players & Spectators Restaurant/Casino, Scrapbook Casino, Lilac Lanes/11th Frame Casino, and River Bend Casino. These mini-casinos helped initiate the treatment program at Deaconess and have committed continued funding into the future.

The Recreational Gaming Association (RGA) represents the thousands of men and women who make up Washington's mini-casino (card room) industry. The RGA believes card room gaming is a form of entertainment that provides fun and recreation for adults who chose to play, while providing meaningful jobs and economic stability to local communities.

The RGA has participated in the IWGPG since its inception, serves on the Advisory Board of the WSCPG, was a sponsor of the 15th National Council on Problem Gambling Conference 2001, is a member of the National Council on Problem Gambling, and has voluntarily developed and distributed posters and brochures to our members offering assistance and referral to patrons who may be problem gamblers. The mini-casino industry commits tens of thousands of dollars each year to direct and collaborative efforts that address and mitigate problem gambling.

RGAS POLICY ON PROBLEM GAMBLING:

As an association representing an important segment of the gaming industry, the Recreational Gaming Association is sensitive to the issues of problem and underage gambling and the adverse impact of these behaviors. Therefore, as a matter of policy, the RGA is committed to actively promoting responsible gaming to our employees, our patrons and the public at large. We financially support and actively work with the WSCPG to promote awareness, prevention and treatment of problem gambling.

The RGA encourages all segments of the industry to do the right thing in recognizing that for some, gambling can be a problem.

Call Gary Hanson at the WSCPG (253-857-3201) to set up Problem Gambling Awareness Training. This three-hour course provides gaming industry management personnel with an awareness of problem gambling, the industry's role in addressing this addiction, recommendations for gambling industry policies and a discussion of the implementation of such policies. The Council and the RGA is available to assist in creating and implementing a problem gambling policy for your organization.

Visit RGA's website at RGA-WA.ORG or call 360-754-8141 to order a set of problem gambling awareness posters and brochures for your facility today.



Left to Right: Ben Bishop, Tammy Corcoran, Christie Harris, Vicky Bowdish & Phyllis Halliday

Human Resources Team Wins Award!

A team from the Gambling Commission's Human Resources (HR) was recently recognized in the 14th Edition of *Governing for Results*. This booklet highlights quality improvement projects throughout Washington State government. Improvements contained in this booklet have been initiated by state agencies in response to an Executive Order issued by Governor Locke in April 1997. Since the Executive Order was issued, Washington State agencies have reported over 1,825 quality projects, saving the state almost \$74 million and collecting over \$77 million in new revenue. As a result of these efficiencies, approximately 1,000,000 staff hours have been saved which eliminated overtime or redirected staff to other work. Here is the information about HR's quality project:

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The Washington State Gambling Commission receives over 500 applications annually for our exempt Special Agent positions. The applications process and tracking was lengthy and cumbersome for both applicants and staff. Since Special Agent recruitment involves a number of testing phases, the process extends beyond the initial application. Often, missing or needed documents required multiple mailings and phone calls which meant staff time, cost of mailings/calls and the office space for the manual tracking of applications and testing.

Streamlining the process became a priority for the Human Resources team. Team members designed a database to electronically track the incoming resumes and maintain applications' data. At the time of application, each candidate's full information is entered into the database. This database allows staff to generate letters and labels and respond immediately to applicant inquiries. It also generates prompt and accurate recruitment data for internal reports. Other successful changes include accepting resumes in lieu of full applications packets, placing application materials on our agency web site, and including the web address in all our advertisements. The Internet is now our #1 recruitment source and point of information for applicants.

Results

- ✓ Reduced the length of position vacancies by approximately 2 weeks.
- ✓ Saved \$500 in postage and printing costs.
- ✓ Timely and accurate management reports are produced using the database.
- ✓ Improved customer service by simplifying the application process and providing immediate responses to their status inquiries.
- ✓ Saved approximately 300 staff hours annually.

Submitted by: WA State Dept. of Labor & Industries



EMPLOYMENT STANDARDS

The following employment standards information is presented as a guideline for employers. Should the department receive complaints of this nature, Employment Standards agents will review company records to determine the validity of the complaints. Should evidence show unauthorized deductions from wages, unpaid hours worked, or unpaid overtime, restitution of unpaid wages to past and present employees **will be demanded.**

TRAINING/MEETING TIME

"Hours worked" shall be considered to mean all hours during which the employee is authorized or required by the employer to remain duty on the premises or at a prescribed work place, per [WAC 296-126-002\(8\)](#), Definitions--"Hours Worked". These hours of work also include travel time, training time, meeting time, wait time, and preparatory and concluding activities.

Training and meeting time is generally interpreted to mean all time spent by employees attending lectures, meetings, employee trial periods and similar activities required by the employer which must be considered "hours worked". Those circumstances under which attendance at training programs and similar activity need **not** be counted as "hours worked" (if all of the following tests are met), are listed below:

1. Attendance is voluntary;
2. The employee performs no productive work during the meeting or lecture;
3. The meeting takes place outside of regular working hours;
4. Employee's current work, as distinguished from teaching the employee another job, or a new or additional skill.

If the employee is given to understand or led to believe that the present working conditions or the continuance of the employee's employment would be adversely affected by non-attendance, time spent shall be considered "hours worked".

Time spent in training programs mandated by state or federal regulations, **not by the employer**, may not be considered "hours worked" in some instances. If the state or federally required training is of a general applicability, and not tailored to meet the particular needs of an individual employer, time spent in such training time would not be compensable.

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This is also true if such required training is a type that would be offered by independent institutions in which the instruction enables an individual to gain or continue employment with **any** employer that would require the employee to have such training. In training of this type where the employee is the primary beneficiary, the training time would not be compensable. (Please note, the 4 tests given above are not applicable in making the specific determinations outlined in this paragraph.)

When state or federal regulations require the employee to possess a certificate or license for the position

held, time spent in training to obtain the certificate

or license, or certain continuous education requirements, shall not be considered "hours worked". The cost of maintaining the certificate or license is to be borne by the employee also. (Please note, the 4 tests given above are not applicable in making the specific determination outlined in this paragraph.)

Time spent in undergoing drug and alcohol testing, even when required by a state or federal law, must be considered "hours worked" as such tests are primarily for the benefit of the employer. It is immaterial whether the time spent undergoing such testing is during the employee's normal working

hours or during non-working hours. Please note, drug and alcohol testing which is conducted **prior** to an employment relationship between the employer and the potential employee is not considered "hours worked" and does not have to be compensated if the individual is hired.

If you would like more information regarding employment standards contact the L&I Office of Information and Assistance at 1-800-LISTENS (1-800-547-8367) or visit the L&I website at www.wa.gov/lni/



Financial Reporting Services Reports

The following licensees failed to submit their quarterly reports when due. They have submitted their reports now and paid the appropriate fine based on the number of late reports in the preceding one-year period.

<u>LICENSEE/LOCATION</u>	<u>FINE</u>	<u>YR/QTR</u>
Green Mill Sports Pub/Clarkston	\$200	00/4
Little Ranch House/Tenino	\$400	00/4
Tony's Boondox Tavern/Longview	\$200	00/4
Turners/Everett	\$200	00/4
Farmers Café/ Waitsburg	\$200	01/1
Mint Bar & Grill/Ellensburg	\$200	01/1

Following is the schedule of fines for reports submitted late. If no report is submitted, the licensee will be issued a statement of charges.

Schedule of Fines

First Offense.....	\$200
Second Offense	\$400
Third Offense	\$600
Fourth Offense	No Fine
A Statement of Charges is automatically issued.	
See next page for Administrative Actions	
on late reporting violations	

Late Reporting Administrative Update

LICENSEE	VIOLATION	CASE OUTCOME
Beagle Club Restaurant & Lounge, Tumwater	Violation of an Agreed Order dated January 19, 2001 (failing to submit their Quarterly Activity Reports within 30 days of the end of the quarter, as required).	Notice of Order of Suspension. The licensee served a 5 day deferred suspension from May 28, 2001, through June 1, 2001.
Green Mill Sports Pub, Clarkston	Failure to submit Quarterly Activity Reports within 30 days of the end of each quarter, as required.	The licensee agreed to a 20 day suspension. 8 days of the suspension were deferred for a period of one year. The licensee chose to serve the remaining 12 days beginning June 4, 2001, through June 16, 2001, rather than vacate the suspension by payment of a fine.
Legend Inn Tavern, Ocean Shores	Failure to submit Quarterly Activity Reports within 30 days of the end of each quarter, as required.	The licensee agreed to a 20 day suspension. 8 days of the suspension were deferred for a period of one year. The remaining 12 days were vacated by payment of a \$750 fine.
White Buffalo Saloon, Kirkland	Failure to submit Quarterly Activity Reports within 30 days of the end of each quarter, as required.	The licensee agreed to a 30 day suspension. 10 days of the suspension were deferred for a period of 1 year. The remaining 20 days were vacated with payment of a \$1,000 fine.
Billy's Wild Horses, Spokane	Failure to submit Quarterly Activity Reports within 30 days of the end of each quarter, as required.	The licensee agreed to a 30 day suspension. 10 days of the suspension were deferred for a period of 1 year. At the licensee's request, the remaining 20 days were served from July 1, 2001, through July 21, 2001.
Tall Timbers Tavern, Federal Way	Failure to submit Quarterly Activity Reports within 30 days of the end of each quarter, as required.	The licensee agreed to a 20 day suspension. 8 days of the suspension were deferred for one year. The remaining 12 days were vacated with payment of \$750.
Nip's Bar & Grill, Lakewood	Failure to submit Quarterly Activity Reports within 30 days of the end of each quarter, as required.	The licensee agreed to a 30 day suspension. 10 days of the suspension were deferred for one year. The remaining 20 days were vacated with payment of \$1,000.
Sage Bar/Grill & Casino, Spokane	Failure to submit Quarterly Activity Reports within 30 days of the end of each quarter, as required.	The licensee agreed to a 30 day suspension. 10 days of the suspension were deferred for one year. The remaining 20 days were vacated with payment of \$1,000.



Washington State Gambling Commission Administrative Case Update

LICENSEE	VIOLATION	CASE OUTCOME
Ruby's Casino, Kent	Violation of an Agreed Order dated July 18, 2001 (allowing casino manager to simultaneously act as security officer)	Notice of Order of Suspension. The licensee was ordered to serve a 3 day suspension from May 7, 2001 through May 10, 2001. However, the licensee closed its business on May 6, 2001, and has not reopened.
El Patio Mexican Restaurant, Yelm	Operating a Commercial Amusement Game without a license.	The license agreed to a 30 day suspension. 23 days were deferred for one year. The remaining 7 days were vacated by payment of a \$2,139 fine (profit from the unlicensed commercial amusement game). The licensee also paid \$119, which represents the cost of a license for the period the licensee was operating, and reimbursed the Commission \$450 for its investigative and administrative costs.
4 Corners Tavern, Maple Valley	Operating a commercial amusement game without a license.	The licensee agreed to a 30 day suspension: 15 days were deferred for one year; the remaining 15 days were vacated with payment of \$1,355.63. The licensee also reimbursed the Commission for its investigative and administrative of \$870.
Mind Games, Buckley	Placing a commercial game in an unlicensed premises.	The licensee agreed to a 30 day suspension. 15 days were deferred for one year. The remaining 15 days were served beginning June 11, 2001, through June 25, 2001. The licensee also reimbursed the Commission for its investigative and administrative costs of \$1,020.
Hai Pom, (Last known employers: Diamond Lil's and Freddie's Club in Renton, Silver Dollar Casino in Tacoma)	Dealer Cheating.	The licensee agreed to surrender his license for one year, beginning June 25, 2001.
Anita Nhim (Last known employers: Café Arizona, Federal Way and Ruby's Casino, Kent)	Dealer cheating.	The licensee agreed to surrender her license for a period of two (2) years, beginning May 31, 2001.
Synath Nob (Last known employers: Freddie's Club, and Diamond Lil's, Renton)	Dealer cheating.	The licensee agreed to surrender her license for a period of one (1) year, beginning July 6, 2001.
Chef Restaurant, Spokane	Allowing a Card Room Employee to work with an expired license (2 nd violation).	The licensee served a 2 day suspension, beginning June 1, 2001, and ending June 3, 2001.
Fiesta Bowl Casino, Richland	Allowing a Card Room Employee to work with an expired license.	The licensee agreed to a 1 day suspension, which was vacated by payment of a \$500 fine, and reimbursed the Commission \$270 for its investigative and administrative costs.
11 th Frame Restaurant (aka/fka Lilac Lanes), Spokane	Allowing card room employees to work with expired license.	The licensee agreed to a one day suspension, which was vacated by payment of \$500. The licensee also reimbursed the Commission for its investigative and administrative costs of \$980.

LICENSEE	VIOLATION	CASE OUTCOME
Sidney's Restaurant and Sports Bar, Aberdeen	Allowing card room employees to work with expired licenses.	The licensee agreed to a one day suspension, which was vacated by payment of a \$500 fine. The licensee also reimbursed the Commission for its investigative and administrative costs of \$920.
Parkers Sports Bar & Casino, Shoreline	Failure to disclose loans over \$2,000, as required.	The licensee agreed to a three day suspension. Two days of the suspension were deferred for one year. The remaining day was vacated with payment of \$3,740, which represents the licensee's daily net income as reported to commission staff. The licensee also reimbursed the Commission for its investigative and administrative of \$3,480.
Sea Galley Restaurant, Kennewick	Failure to maintain accurate records, and reporting inaccurate figures on Quarterly Activity Reports.	The licensee agreed to a thirty day suspension. Fifteen days of the suspension were deferred for one year. The remaining fifteen days were vacated by payment of a \$990 fine. The licensee also agreed to reimburse Commission staff for its investigative and administrative costs of \$3,000.
Slo Pitch Eatery & Pub, Bellingham	Inadequate surveillance.	The licensee agreed to a five day suspension. Three days of the suspension were deferred for one year. The remaining two days were vacated with payment of \$1,200.
Holy Smoke It's a Tavern, Lynden	Operating punchboards/pull tabs with an expired license.	The licensee agreed to a seven day suspension. 5 days were deferred for one year. The remaining two days were vacated with payment of \$1,110.00. The licensee also reimbursed the Commission for its investigative and administrative costs of \$200.
Russell Maynard, employed at Freddie's Club, Fife	Failure to comply with Commission rules regarding surveillance.	The licensee agreed to a 21 day suspension. 16 of those days were deferred for one year. The remaining 5 days were served from June 9, through June 14, 2001. The licensee also reimbursed the Commission \$600 for investigative and administrative costs.
David Bemis, employed at Freddie's Club, Fife	Failure to Comply with Commission rules regarding surveillance	The licensee agreed to a 14 day suspension. 12 of those days were deferred for one year. The remaining 2 days were served from June 12, through June 14, 2001. The licensee also reimbursed the Commission \$120 for investigative and administrative costs.
Jason Petersen, Battleground	CRE Denial due to Criminal History	The licensee failed to respond to the Notice of Administrative Charges. The Commission ordered the Mr. Petersen's license application be denied.
Daphne Schubach/Picasso Holding, LLC, Spokane	Seizure: 8 blackjack tables; 30 decks of playing cards with "Rio D's" logo; 6 card shoes.	On August 21, 2000, agents seized items found at a business located at 13524 E. Sprague Avenue, Spokane, because there was probable cause to believe such items were used or were intended to be used in connection with professional gambling activity. A forfeiture hearing was held; the Administrative Law Judge issued an Order denying the claims filed by Picasso Holding LLC, and Daphne Schubach. Picasso Holding, LLC, filed a Petition for Review. The Commission upheld the Administrative Law Judge's ruling.

Promotional Contest Machine Alert

Agency staff have received many phone inquiries regarding devices currently being marketed in Washington State as promotional contest of chance machines. The companies promoting the devices are stating that they are authorized under RCW 9.46.0356, Promotional Contests of Chance; however, Commission staff are concerned as to the legality of the machines and about the policy implications of allowing such machines to operate in the state

We have invited the distributors/manufacturers of these devices to demonstrate their machines to the Commissioners and Ex-Officio members at the September 12, 2001, commission meeting in Ocean Shores, Washington.

If these devices are determined to be a gambling device (RCW 9.46.215) then they are subject to seizure (RCW 9.46.231). Your gambling license may be in jeopardy if you agree to allow the device to be displayed prior to a determination by the commission. If you have any questions or concerns please contact Tony Hughes, Amusement Game/Gambling Device Coordinator, at (253) 471-5312, extension 234.



Rule Changes

NOTE: All rules passed in the May-July meetings have been included in the new rules manual, so they are not attached to this newsletter. You may request a separate copy of these rules by contacting Susan Arland at (800) 345-2529 ext. 3466, or you may download them from the agency Web site.

RULE ADOPTED AT THE MAY MEETING

This rule became effective June 11, 2001.

Petition for Rule Change by William Krapf.

WAC 230-04-190 Issuance of license – Expiration – Restrictions.

Due to a decline in business and revenue, Mr. Krapf requested that the threshold amount to utilize the two-part payment plan for licensing fees be reduced from \$1,200 to \$800. When the agency first started the two-part payment plan, the threshold amount was \$800. During our growth period, the threshold was increased to \$1200.

Approximately 700 licensees currently take advantage of the two-part payment plan.

Approximately 480 additional licensees will now be able to take advantage of the two-part payment plan.

If you are interested in taking advantage of this, please call 1-800-345-2529, extension 300, or (360) 486-3440

RULES ADOPTED AT THE JUNE MEETING

These rules became effective July 20, 2001.

Promotional Opportunities for Charitable and Nonprofit Organizations.

WAC 230-20-125 Discounts and promotional gifts – Authorized - Limits

Bingo operators may offer promotional activities to their players. These activities include player discounts, gifts and coupons. Language was amended to increase the number of promotional activities from 12 to 18. Furthermore, bingo operators can now offer an unlimited number of discount coupons for their games.

WAC 230-30-106 Punchboard and pull-tab flares restrictions – Standards – Substitute flares.

In the past, only commercial businesses could offer “happy

hour” pull-tab games in which prizes may be increased under certain conditions. Language was amended to allow charitable and nonprofit organizations the opportunity to offer “happy hour” pull-tab games too. However, nonprofit organizations will only be able to offer one “happy hour” game at a time.

Card Room Rules.

In May 2000, the Commission adopted the largest rules package in the history of the Gambling Commission – the enhanced card room rules package. Since that time, staff and licensees have been operating under these rules. These rule amendments incorporate comments and concerns brought forward by both staff and licensees.

The titles of some rules have been changed so they will be easier to locate when using the index in the front of the chapter in the rules manual. Furthermore, four rules have been moved from other sections to the card room rules section so they will be located with the other card room rules and hopefully easier to find.

WAC 230-40-055 Card tournaments for fee and prizes – Reporting requirements.

This rule outlines the requirements an operator must follow when offering card tournaments. In the past, operators could charge a player a maximum of \$50 to enter a tournament. This method was established for poker games when chair fees (fees based on time) were the only method of fee assessment allowed. This method of fee assessment did not translate over to operators that collect fees using the rake method (fees based on amounts wagered during a hand). Therefore, language was added so licensees that utilize the rake method to assess fees may qualify tournament contestants based on time played, not monies spent.

In the past, tournament rules were posted at an operator's premises and listed in all advertisements. Because tournament rules are available at the establishment, language was amended so they will no longer have to be listed in advertising. This will help reduce operators' advertising costs.

WAC 230-40-610 Player-supported jackpots – Restrictions – Manner of conducting – Approval.

This rule outlines the procedures for offering a player-supported jackpot (PSJ). Numerous changes were made to this rule. First, language was amended to clarify that interest earned on PSJ funds are considered player money and licensees have no vested interest in it.

Language was added to clarify that licensees shall not deduct any funds in excess of the 10% administrative fee, to include banking fees, for PSJs.

Owners and card room employees will no longer be required to show their hands at the conclusion of any game where PSJ winnings are paid based on a predetermined hand (for example, a straight would pay \$25; a flush would pay \$30, etc.). However, for Bad Beat Jackpots, owners and card room

employees must continue to show their hands at the end of each game.

In the past, the winner's name, date of birth, mailing address, and identification were recorded on a form by the card room employee at the cage. The winner must then initial the form. Winners are no longer required to initial the form. Licensees which discontinue a PSJ must now distribute PSJ funds back to players within 60 days, in a tournament offering the same type of game under which the PSJ was established, or in an approved promotion. Furthermore, PSJ funds could be given to the Washington State Council on Problem Gambling if a card room closes, as long as this is posted for licensees to see.

WAC 230-40-805 ((House-banked)) Progressive jackpot prizes – Procedures – Restrictions – House-banking.

Card room licensees are now allowed to reduce non-advertised reserve or secondary jackpots and claim the money as gross receipts. This assists licensees by allowing more flexibility in the use of funds. Players have a vested interest in only advertised prizes. Therefore, language was added to clarify which portion of the progressive jackpot monies are considered house money and which are considered player money. Licensees are now allowed to use a portion of the progressive jackpot monies to purchase merchandise prizes to be awarded in conjunction with the game. New language was added to outline the requirements licensees must adhere to when awarding merchandise prizes. In the past, it has not always been clear how a licensee should disburse advertised progressive jackpots to players in the event the licensee discontinues the game. Therefore, language was added to clarify how this will be done. Finally, language was added requiring jackpots of \$5,000 and less to be paid out immediately. Any amounts over

\$5,000 must be paid within 24 hours.

WAC 230-40-815 ((House-banked card games)) Administrative and accounting control structure – Organization – House-banking.

Language was added to clarify that licensees shall inform their employees of the internal controls related to their job and ensure that the internal controls are followed at all times.

REPEALED RULE: WAC 230-40-820 House-banked card games – Internal control system evaluation – Required procedures.

In the past, staff conducted four compliance modules, per month, in various gaming areas of each house-banked gaming facility. In addition to these modules, licensees with annual gross receipts exceeding five million dollars paid for and underwent a formal review by an independent auditor each year. Staff and the industry felt oversight by both staff and an independent auditor was duplicative. Therefore this rule was repealed.

Compliance modules will no longer be conducted by staff, however, licensees with annual gross receipts exceeding five million must continue to pay for and undergo a formal audit by an independent auditor each year.

WAC 230-40-825 Closed circuit television system ((requirements and procedures)) – House-banking.

This rule was rewritten for clarification and to gain consistency among all surveillance systems operated in a card room. Furthermore, surveillance requirements for both Class F and house-banked card rooms were in this rule. Class F requirements have now been moved to a new, separate rule, WAC 230-40-625 (below). This will make locating the surveillance requirements for the

two types of card rooms easier for licensees and staff.

NEW RULE: WAC 230-40-625 Closed circuit television system requirements and procedures – Class F.

In the past, surveillance requirements Class F card rooms were in WAC 230-40-825 (above). Class F requirements have now been moved to a separate rule. This will clarify the surveillance requirements for the two different types of licensees and make it easier for both staff and licensees to locate the requirements in the rules manual.

WAC 230-40-830 Cashier's cage – Requirements – House-banking.

This rule change allows house-banked card rooms, which offer poker games, to sell chips through an imprest window at the main cage, or other location approved by commission staff.

WAC 230-40-840 Drop boxes – ((Requirements)) House-banking – Drop box collection method.

This amendment allows count team members to remove drop boxes from gaming tables under the supervision of security personnel, if the card room entrances and exits are locked. Furthermore, licensees will now be allowed to store empty drop boxes on gaming tables, if the boxes and tables are taped by surveillance cameras. This will allow the licensees to more effectively utilize their on-duty staff and not require additional staff to be present.

WAC 230-40-865 ((Procedures for)) Distributing ((gaming)) chips and coins to ((house-banked gaming)) tables – Requests and credits – House-banking.

The change allows a licensee's security officers access to the fill/credit machine for the sole purpose of clearing paper jams within the machine.

WAC 230-40-870 ((Procedures for)) Removing ((gambling)) chips and coins ((to house-banked gaming)) from tables – Requests and credits – House-banking.

The change allows a licensee's security officer access to the fill/credit machine for the sole purpose of clearing paper jams within the machine.

WAC 230-40-875 ((Procedures for)) Closing ((house-banked)) gaming tables – House-banking.

This change clarifies how a licensee will handle "voided" closing documents. This allows both the licensee and commission staff to better track the serially, pre-numbered forms used to close the gaming tables each day.

WAC 230-40-885 ((Counting and recording contents of drop boxes –)) Count procedures – House-banking.

Procedures for counting and recording the contents of drop boxes for both house-banked and nonhouse-banked card rooms were located in this rule. Subsection (8), which outlined the count requirements for nonhouse-banked card rooms, was moved to a new, separate rule WAC 230-40-630 (below). This will make locating count requirements for Class F card rooms easier to find. Furthermore, subsection 5(i) was removed because it is not part of the agency's current record keeping requirements. The rule will now be consistent with what records the agency requires from licensees.

WAC 230-40-895 Key control ((requirements and procedures)) – House-banking.

The amendment separates the security and surveillance departments. Language was amended to further define key lock mechanisms that can be used in the operation of house-banked card rooms and to clarify which keys each department must maintain.

NEW RULE: WAC 230-40-505 Rules of play for social card games – Display – Availability for review.

In the past, requirements for approval and posting of house rules were located in several rules. This new rule consolidates these requirements into one new rule. Subsections from several rules (WAC 230-40-010, 230-04-120 and 230-40-610) have been moved into this rule. Because house rules relating to player-supported jackpots (230-40-610(10)) are specific to player-supported jackpots, they will remain in 230-40-610. However, they will also be included in this new rule.

HOUSEKEEPING:

WAC 230-08-027 House-banked card games – General accounting records to be maintained.

Amended and re-codified as:

WAC 20-40-821 General accounting records – House-banking.

Subsection (6) was divided into subsections (7) & (8), for clarity.

WAC 230-08-090 Daily records – Card games.

Amended and re-codified as:

WAC 230-40-052 Daily records – Card games.

This rule was moved from Chapter 230-08 (Records and Reports) to Chapter 230-40 (Card Rooms) so it will be located with the card room rules.

WAC 230-12-072 Player-supported jackpot funds – Deposit requirements.

Amended and re-codified as:

WAC 230-40-608 Deposit requirements – Player-supported jackpot funds.

This rule was assigned a new section number under the Class F requirements and re-titled so it is easier to find. Furthermore, WAC 230-08-090 (above) which is

referenced in this rule has been assigned a new section number. Therefore, references to WAC 230-08-090 have been changed to WAC 230-40-052.

WAC 230-12-073 House-banked card games – Prizes – Deposit requirements.

Amended and re-codified as:

WAC 230-40-808 Deposit requirements for prizes – House-banking.

This rule was assigned a new section number under the house-banking section. Furthermore, WAC 230-08-090 (above), which is referenced in this rule, has been assigned a new section number. Therefore, references to WAC 230-08-090 have been changed to WAC 230-40-052.

WAC 230-40-050 Fees for non-house-banked card games - ((playing - Method of)) Assessment and collection – Maximum fees.

Headers were inserted so topics are easier to find. Furthermore, WAC 230-08-090 (above), which is referenced in this rule, has been assigned a new section number. Therefore, references to WAC 230-08-090 have been changed to WAC 230-40-052.

WAC 230-40-120 Limits on wagers in card games.

Language relating to house rules was moved to WAC 230-40-505 (above). Now all rules relating to developing and posting house rules will be contained in one rule.

WAC 230-40-500 House rules to be developed and posted.

Small housekeeping changes.

NEW RULE WAC 230-40-630 Count procedures – Class F card rooms.

Count procedures for Class F card rooms were moved from WAC 230-40-885 (above) into this new,

separate rule.

WAC 230-40-833 Cashier's bank and minimum bankroll.

WAC 230-12-072 and 230-12-073 (above), which are referenced in this rule, have been assigned new section numbers. Therefore, references to these rules were updated.

RULES ADOPTED AT THE JULY MEETING.

This rule will become effective August 13, 2001.

House-banked Card Room Phase II Reviews.

WAC 230-40-803 Phase II wager limits – Restrictions – Procedures.

This rule was previously included with the card room rules package, which was adopted at the June meeting. However, at the June meeting, staff felt that further discussion was needed. Therefore, this rule was removed from the card room rules and placed in a separate rules package.

Currently, a licensee must wait six calendar months from the date they are approved to offer house-banked card games to when they can request approval to offer Phase II betting levels. At times, a licensee's six-month term may end a day or week after a Commission meeting is held. Therefore, licensees had to wait until the following month before they can go before the Commission to request Phase II approval. Language was added so that a card room which has operated 6 months may receive approval for Phase II limits from the director, pending commission approval at the next scheduled meeting. This change will allow card rooms to begin operating at Phase II betting levels closer to their 6-month operating date. Additionally, language was amended so that card rooms would have the ability to be

approved to operate at Phase II levels as long as any administrative actions in the past six months were not for substantial violations or violations deemed substantial due to repetition. These rules will become effective January 1, 2002.

Electronic Facsimiles of Cards

WAC 230-40-010 Social card games—Rules of play—Types of card games authorized.

WAC 230-40-070 Licensee to furnish all cards, chips and other services.

This rule change was a policy call by the Commission. A business, Digideal, requested approval of a rule that would allow electronic facsimiles of cards for use in card games, as an option to traditional paper or plastic cards. The system, called Digideal, would be an option for card room operators and tribal casinos and would replace standard, paper playing cards with an electronic facsimile of a playing card (a video picture). The system would contain one or more decks of cards in an electronic format. The electronic cards would be mixed through a random number generator to ensure they are properly "shuffled."

Each manufacturer that produces an electronic facsimile card system must have the system approved by the commission. Each system will undergo stringent lab testing prior to being put into play. The gaming lab will test the security and technical protocols of the device to ensure they are in proper working condition. This will ensure that the integrity of the card games are not compromised in anyway.

All other aspects of the card game will remain the same. This is not a stand-alone device, wherein players would walk up and play against the machine. The only aspect that has changed is what the card looks like. The system must be operated by card room personnel at the table.

RULE FILED AT THE MAY MEETING AND DISCUSSED AT THE JUNE, JULY AND AUGUST MEETINGS.

Petition for Rule Change from Mr. Walker.

WAC 230-04-202 Fees - Bona fide charitable/nonprofit organizations.

At the May meeting, the Commission filed a Petition for Rule Change from Mr. Walker, owner of Wild Bill's Interactive Events of Portland, Oregon, a casino distributor company. Mr. Walker felt the Limited FRE licensing fee of \$339 was too high and discouraged charitable and nonprofit organizations from offering Limited FREs. Mr. Walker requested that the licensing fee of \$339 be reduced to \$50 for limited fund-raising events operating up to four hours. Staff does not support such a large decrease in the licensing fee.

After the May meeting, staff re-examined the time required for licensing and regulation of these activities. Although the proposed fee of \$50 still would not cover these costs, staff proposed an alternative to reduce the current \$339 fee to \$150 for organizations when they initially applied and \$100 for renewals. For initial applications, staff must determine whether an organization is a bona fide charitable or nonprofit organization authorized to conduct gambling. This takes more time; therefore, the fee must be higher to cover our costs. In addition, there are costs for collecting reports after the events have been held and for spot inspections by Agents.

Staff also proposed reducing the fees for organizations that conduct traditional fund-raising events. The fee would be reduced if the organization was previously licensed for such activities. In these cases, our review would not need to be as extensive because we would have previously

determined the organization was qualified. For Class A licensees, the fee for previously licensed applicants would be reduced from \$339 to \$200 and for Class B licensees, it would be reduced from \$571 to \$350. In the past two years, there have only been ten applications for traditional FRE's and one application for a limited FRE. These fee reductions will still allow our agency to recover the basic licensing and regulatory costs.

At the June meeting, the Commission voted to file staff's alternative version of this rule in response to Mr. Walker's Petition and in response to a petition very similar to Mr. Walker's petition, submitted by Daniel Blagovich. Mr. Blagovich's Petition was Up for Discussion and Possible Filing at the June meeting. These two petitions are very similar, therefore; the Commission voted to join Mr. Walker's and Mr. Blagovich's petitions together for further discussion. They will be Up for Final Action at the August Commission meeting.

This rule was Up for Final Action at the August meeting. At the August meeting, staff asked that it be held over and incorporated into the Licensing Fee Increase Rules Package that will be Up for Filing at the September meeting. By doing this, there will only be one amendment to WAC 230-04-203 to incorporate into the new rules manuals, rather than two. The fund-raising events effected by this rule are not a popular event, therefore, holding it over should not cause a negative impact on the industry. Only one limited fund-raising event has been held since the legislature authorized this activity a year ago.

UP FOR DISCUSSION AT THE AUGUST MEETING.

Card Promotions

These rules were previously included with the card room rules package, which was adopted at the June meeting. However, at the May meeting, staff felt that further discussion was needed regarding promotions in general, as well as promotions specifically for card games. Therefore, these rules were removed from the card room rules and placed in a separate rules package. Staff will be giving a report to the Commission on promotions at the August Commission meeting and hope to have a firmer position on these rules by the September meeting.

REPEALED RULE: WAC 230-40-897 Card game promotions – Procedures – Restrictions.

This rule requires all card room promotions to be approved by Commission staff. Specific promotion requirements will now be set forth in a new rule, WAC 230-40-455 (below). Therefore, this rule is up for repeal.

NEW RULE: WAC 230-40-455 Promotions for card games – Procedures – Restrictions.

Currently, WAC 230-40-897 (above) requires all card room promotions to be approved by Commission staff. This new rule defines the parameters and requirements under which licensees can offer promotions in conjunction with the card games. Therefore, staff approval for each promotion is no longer needed. Furthermore, the value of promotional items card rooms may offer players is currently limited to \$50. Proposed language has been added so licensees can offer cash or merchandise prizes, with no limit on the value.

Promotions can be offered in all card rooms, therefore, this rule was assigned a new section number so that it will be located in the general area of the card room rules section, not in the house-banked section.

LICENSED RAFFLES

WAC 230-20-325 Manner of conducting a raffle

State law requires raffle tickets to be sold for \$25 or less and all tickets for a particular raffle to be sold for the same price. Stubs from purchased tickets must then be placed in a receptacle so each ticket has the same chance to be drawn as a winner. Under current rules, raffle licensees can request approval from Commission staff to sell tickets at a discount when tickets are bundled together. Furthermore, licensee may also request approval to utilize alternative drawing formats (such as a duck race) to determine raffle winners. Raffle licensees must obtain staff approval each and every time a discount scheme or alternative drawing format is utilized.

Raffle licensees will continue to request staff approval for discount schemes and alternative drawing formats. However, the proposed amendment would eliminate the need for subsequent approval once a discount scheme or alternative drawing format has been approved. Licensees may offer the discount scheme or alternative drawing format again, as long as it is identical to what was previously approved and the organization has a current raffle license. Approval would be valid until rescinded by staff or raffle rules change. This amendment will save staff time by eliminating repetitive approval of alternative drawing formats and discount schemes when they are identical in nature (new language is

highlighted).

Housekeeping: This rule was rewritten so it will be clearer and easier to use. References to prize requirements, joint raffles, and members-only raffles were included. Headers were added so topics are easier to find. Language was added to require requests for approval for an alternative drawing format to be submitted to staff 30 days prior to the raffle.

WAC 230-20-335 Members-only raffles – Procedures – Restrictions.

Housekeeping: This rule contains several references to WAC 230-20-325 (above), which was totally re-written. Therefore, updates were made to correspond with the new subsection numbers assigned in WAC 230-20-325. References to prize requirements and revenue limits for licensed versus unlicensed members-only raffles were also included. Language was added to require requests for approval of discount schemes and alternative drawing formats to be submitted to staff 30 days prior to the raffle and headers were added so topics are easier to find.

RE-OPENING A HOUSE-BANKED CARD ROOM AFTER CLOSURE

WAC 230-40-801 Interruption of card games – Pre-operational review and evaluation required – House-banking.

This new rule sets forth the requirements a licensee must follow to reopen their house-

banked card room after a temporary closure. This filing will codify operating procedures, which are currently handled through policy.

If a house-banked card room will be closed for more than seven days, the operator must inform Commission staff why the card room is closed and the anticipated re-opening date, within three days of the closure. If the closure exceeds sixty days, the licensee shall notify staff of any changes in their operation. When the licensee feels they are ready to reopen, the card room must undergo a Pre-Operational Review and Evaluation (PORE) by Commission staff. Staff will review the physical layout of the card room, internal accounting and administrative controls, and ensure there is adequate trained personnel in place. The licensee must correct any discrepancies found by staff and receive written approval from the director prior to reopening the card room.

These procedures will ensure the security and integrity of the card games have not been compromised in anyway during the time the card room was closed.

WAC 230-04-207 Additional requirements – House-banked card games.

Language was added to require house-banked card room applicants to complete a Pre-Operations Review and Evaluation (PORE) prior to conducting house-banked card games. This amendment will codify operating procedures, which are currently handled through policy.



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